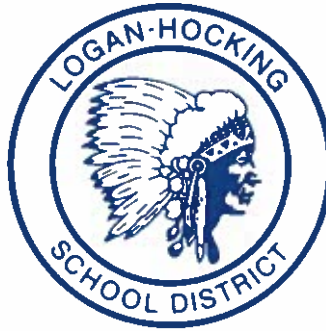


- See Pictures Attached -



**Senate Education Committee
House Bill 96
May 14, 2025**

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee, thank you for the opportunity to testify today on House Bill 96. My name is Paul F. Shaw and I serve as the Treasurer/CFO of Logan-Hocking Local School District. I have successfully served this District in this capacity for thirty-three (33) years. I am a Certified Public Accountant (CPA), a Chartered Global Financial Manager (CGFM) and a Registered School Business Finance Official (RSBFO). I am a Logan High School graduate, Class of 1979, as is my wife Debra. Our twins sons graduated from LHS in 2011.

The District is located in the scenic hills of Hocking County in southeast Ohio, about one-hour from Columbus, 16 miles southeast of Lancaster and 30 miles northeast of Chillicothe. The District covers approximately 321 square miles, which is the vast majority of the county. It also covers a very small portion of Vinton and Perry Counties. District offices are in the City of Logan, which is the county seat for Hocking County and the economic hub of the region. The District serves approximately 3,586 students, within a total population of approximately 27,540.

The District currently operates seven schools: one high school, one middle school, and five PK-4 schools. The District's facilities also include a bus garage, and administrative/warehouse, a field house/academic complex and several athletic/multipurpose fields.

I appreciate the work of this committee and the General Assembly in supporting Ohio's public schools, and I respectfully offer the following comments on several provisions in House Bill 96.

Fair School Funding Plan: Preserve the Phase-In and Update Base Cost Inputs

Like many of my colleagues across the state, I remain strongly committed to the Fair School Funding Plan (FSFP). It is a student-centered, transparent, and predictable model that reflects the actual cost of educating students in our communities. I worked with many of my professional peers across the State to develop this plan. I was at the Perry County Courthouse with my teacher wife and recently born twin sons in 1994 when the Ohio school financing system was declared unconstitutional for the first time!

Replacing the FSFP phase-in with temporary "bridge funding" moves away, ONCE AGAIN, from this progress and reintroduces uncertainty into a system we've worked hard to stabilize.

We urge the Senate to:

- Remove temporary “bridge funding” and maintain the phase-in as proposed by Governor DeWine;
- Update the base cost inputs to reflect current costs, such as staffing, class sizes, and services; and
- Maintain guarantees until full implementation of the FSFP is complete, including updated categorical funding.

Without updated base costs, districts like mine risk being penalized even as other formula inputs—such as property valuations or income data—are updated/refreshed. This creates structural imbalance and shifts MORE of the funding burden onto local taxpayers, which is contrary to the ruling/direction given in DeRolph!.

Cash Balance Cap & Five-Year Forecast Elimination

Under the House-passed version of HB 96, districts with a carryover balance above 30% of the prior year’s expenditures could face property tax reductions. While Logan-Hocking rarely gets about 19%, this would create serious planning challenges and is a very bad idea.

Ohio collects property taxes in arrears, which means that any reduction triggered by a June 30 balance wouldn’t affect collections until 18 months later—long after the budget for the affected year has been adopted.

In Logan-Hocking, we strive to break even operationally and to build and maintain our cash reserves, when able, to:

- *Navigate cash flow gaps due to the timing of tax collections and state payments;*
- *Sustain capital, maintenance, or strategic plans;*
- *Weather changes in the political climate, and*
- *Support the district’s bond rating and financial stability*

Capping cash balances would undercut responsible financial planning and could increase long-term costs for both school districts and local taxpayers. It would also add undo complexity to calculations and stress to those making the calculations across the State.

In addition, replacing the five-year forecast with a three-year projection would weaken our ability to plan ahead, monitor for emerging deficits, and communicate with our communities. Years four and five are often when deficits appear—particularly in districts dependent on levy renewals.

We urge the Senate to:

- Remove the 30% cash balance provision from HB 96; and
- Reinstate the five-year forecast requirement to ensure long-term financial transparency.

Summary

We urge you to do the above things. We need the Fair School Funding Plan to be fully implemented, **WITH UPDATED COST INPUTS**, to ensure stability throughout the state. When the future of funding is unpredictable, school districts and communities are not able to plan for student needs and to implement the programming necessary in their communities and schools.

Thank you for your consideration of these crucial next steps in supporting Ohio's educational excellence.

Chair Brenner and members of the committee, thank you for your time and attention. I would be happy to answer any questions you may have at this time.


See the attached:

Logan Daily News article dated July 1, 1994 – school financing system declared unconstitutional by Judge Linton Lewis – Perry County Common Pleas Court – LHLSD Treasurer Paul Shaw with his twins Eli and Ottie – “the Equity and Adequacy Twins”

The Shaws with Governor Ted Strickland at the Governor’s Mansion, celebrating the adoption of the Evidence Based Model for school funding in 2009. Kasich killed it in 2011.

Line graph - Logan Hocking Local School District becoming more and more dependent on local sources for general fund operations – FY 2005 to FY 2014

For Further Information

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School Financing System Declared Unconstitutional

From Local and AP Reports

Local school officials were pleased this morning after learning the state system of financing schools was declared unconstitutional in Perry County Common Pleas Court.

In a decision announced today, Judge Linton Lewis agreed with a coalition of school districts that education was a fundamental right.

Joe Murtha, superintendent of the financially-distressed Logan-Hocking School District, said he was "happy the decision came down as it did."

The local school district was an ac-

tive member of the coalition, according to Murtha, who said he felt all along the grassroots alliance would win the lawsuit because evidence was "pretty overwhelming."

The next step will be to wait and see how an appeal promised by state officials would pan out, Murtha advised.

"Our hope," he said, "is that any appeal will be expedited and a decision will be made in the immediate future."

William Phillis, executive director of the Ohio Coalition for Equity and Adequacy in School Funding, said he

was pleased the judge agreed with his group's position.

"The judge has considered the evidence, and we felt it was going to come down this way. This egregious system isn't working, we knew it wasn't working and the judge agreed with it," Phillis said.

Lewis heard 30 days of testimony in a lawsuit brought on behalf of about 500 of the state's 612 local school districts.

"This court saw grown men and women cry as they explained the conditions and situations in which some of the youth of this state are

educated," Lewis said.

"They deserve better and the state as their bridge builders to the future are duty-bound to provide them with better tools for a successful life," he said.

Lewis rejected the state's contention that local control of education justifies wide disparities in funding and educational opportunity for students.

In 1993, about 52 percent of Ohio school revenue was local; 35 percent state; 7 percent state lottery; and 6 percent federal.

Lewis described local control in

many districts and specifically in those named in the lawsuit as a cruel illusion.

"The fact that school districts have the 'ability' to determine how dollars are spent in some circumstances is a hollow argument when there are not sufficient funds to provide for the educational and facility needs of their particular school district," he said.

Lewis was not impressed by state arguments in defense of the current funding formula that referred to additional amounts of money being spent on the poorest school districts.

He found it difficult to understand why a formula that was supposedly fair and equitable would need such an infusion of extra cash to low wealth districts.

"There is no guarantee that these 'equity' funds will continue and it would appear that an equitable funding formula would not require the infusion of these additional funds," Lewis said.

Lewis ordered State School Superintendent Ted Sanders and the State Board of Education to prepare a plan to eliminate wealth-based disparities among districts and give the plan to the Legislature.

He also required Sanders and the board to prepare a report after legislative sessions in 1994 and 1995 explaining steps taken to resolve the issues.

Gov. George Voinovich already has said he expected the state to lose at trial level and would appeal the decision.

Voinovich spokesman Mike Dawson was in a staff meeting this morning and could not immediately be reached to comment.

The Ohio Department of Education said Sanders would release a written statement later today.

Lewis also found that the funding of special education services for disabled students is not adequate to provide an appropriate education as state law requires.

"The education system as it presently exists harms those who need it most. Instead of this system being receptive to the needs of our handicapped children, school districts are forced to delay identification of these students for financial reasons," he said.

"At the other extreme, scores of talented and gifted students across this state are receiving no additional services despite being eligible as





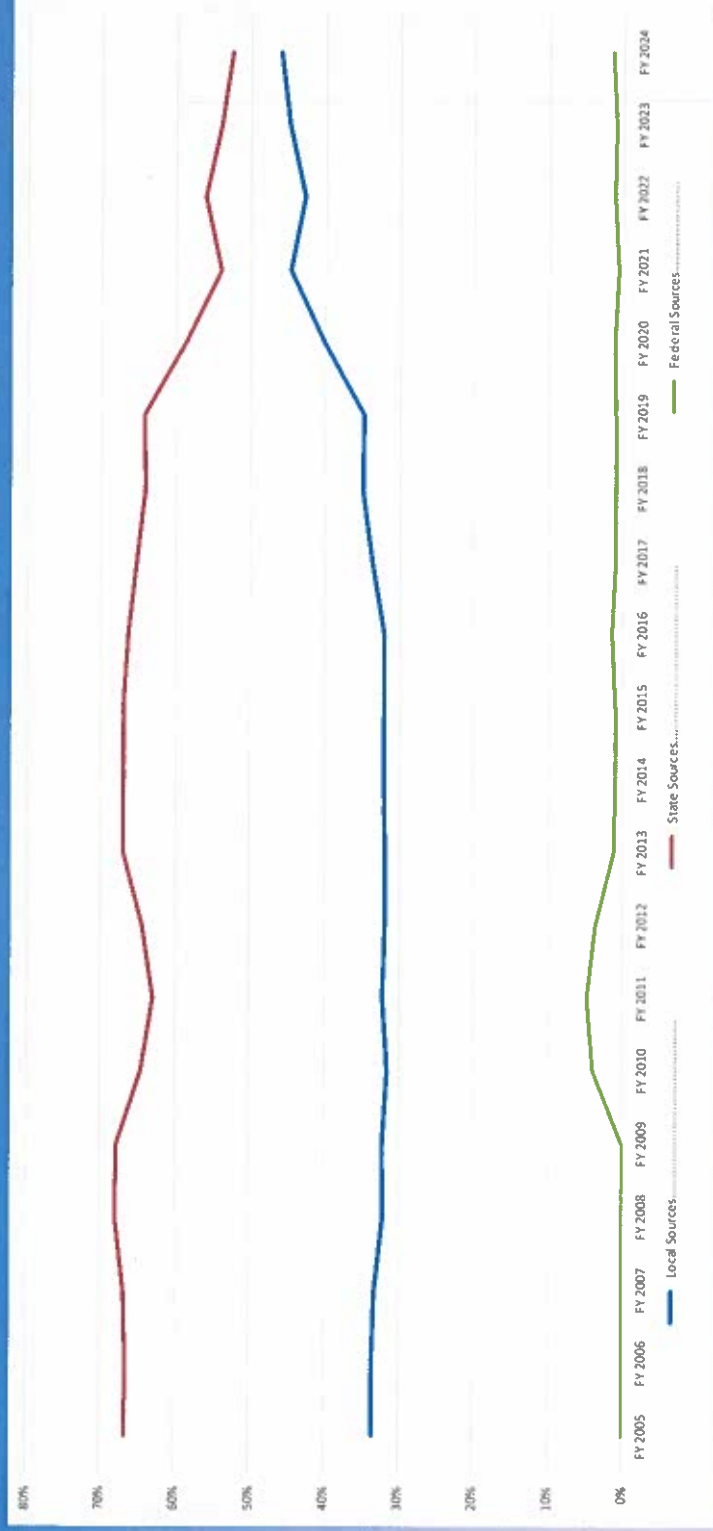
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"Well done good and faithful servant" Matthew 25:21

Logan-Hocking Local School District LOCAL vs. STATE FUNDING, AS A PERCENTAGE Historical Changes



	<u>FY 2005</u>	<u>FY 2024</u>	<u>Change</u>
Local Sources	33%	46%	13%
State Sources	67%	52%	-14%
Federal/Other Sources	0%	2%	2%
Total	<u>100%</u>	<u>100%</u>	